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**PEACE NEIGHBORHOOD CENTER**  
CONSOLIDATED FINANCIAL STATEMENTS  
For the years ended December 31, 2023 and 2022

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Peace Neighborhood Center  
Ann Arbor, Michigan

### **Opinion**

We have audited the accompanying consolidated financial statements of Peace Neighborhood Center (a nonprofit corporation), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Peace Neighborhood Center as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Peace Neighborhood Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Peace Neighborhood Center's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Peace Neighborhood Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Peace Neighborhood Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Respectfully,

*Bennett & Associates CPAs PLLC*

Ann Arbor, Michigan  
June 26, 2024

**PEACE NEIGHBORHOOD CENTER**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
*December 31,*

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,150,271	\$ 1,055,837
Prepaid expenses	19,043	19,242
Grants receivable	127,617	130,271
Promises to give	74,350	117,470
Cash designated for longer-term purposes	1,175,018	1,025,288
Beneficial interest in the assets of the Ann Arbor Area		
Community Foundation	333,435	181,086
Cash restricted for capital improvements	5,056	5,004
Property and equipment, net of accumulated depreciation	1,709,938	1,360,694
<b>TOTAL ASSETS</b>	<u>\$ 4,594,728</u>	<u>\$ 3,894,892</u>
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES		
Accounts payable	\$ 16,512	\$ 13,830
Accrued liabilities	67,342	47,413
TOTAL LIABILITIES	<u>83,854</u>	<u>61,243</u>
NET ASSETS		
Without donor restrictions		
Undesignated	2,903,660	2,504,854
Designated for endowment	333,435	181,086
Designated for other long-term purposes	1,175,018	1,025,288
	4,412,113	3,711,228
With donor restrictions	98,761	122,421
TOTAL NET ASSETS	<u>4,510,874</u>	<u>3,833,649</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,594,728</u>	<u>\$ 3,894,892</u>

**PEACE NEIGHBORHOOD CENTER**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
*For the years ended December 31,*

	2023	2022
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
REVENUES, GAINS, AND OTHER SUPPORT		
Grants	\$ 499,301	\$ 296,012
Contributions	984,031	1,044,369
In-kind contributions	279,900	-
Special events, net of expenses of \$33,802 and \$17,366, respectively	143,095	17,405
Interest and dividends	62,837	14,909
Other revenues, gains/(losses), and support	45,830	(4,295)
	2,014,994	1,368,400
Net assets released from restrictions	142,463	220,064
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	2,157,457	1,588,464
EXPENSES AND LOSSES		
Program Services	1,200,945	984,301
Supporting Services		
Management and general	87,695	81,812
Fundraising	167,932	122,195
Total Supporting Services	255,627	204,007
TOTAL EXPENSES AND LOSSES	1,456,572	1,188,308
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	700,885	400,156
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	118,803	93,988
Net assets released from restrictions	(142,463)	(220,064)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(23,660)	(126,076)
CHANGE IN NET ASSETS	677,225	274,080
NET ASSETS AT BEGINNING OF YEAR	3,833,649	3,559,569
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 4,510,874</b>	<b>\$ 3,833,649</b>

**PEACE NEIGHBORHOOD CENTER**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
*For the year ended December 31, 2023 with comparable totals for 2022*

	Program Services	Supporting Services		2023 Total	2022 Total
		Management and General	Fund-Raising		
<b>Specific assistance to individuals</b>	\$ 56,917	\$ -	\$ -	\$ 56,917	\$ 44,351
<b>Employee Compensation</b>					
Salaries and wages	702,996	24,984	130,620	858,600	651,225
Retirement plan contribution	10,183	686	572	11,441	9,649
Other employee benefits	74,882	2,390	2,390	79,662	58,613
Payroll taxes	57,845	2,056	10,748	70,649	53,245
	845,906	30,116	144,330	1,020,352	772,732
<b>Other Expenses</b>					
Accounting fees	-	15,860	-	15,860	13,778
Supplies	73,554	8,608	2,491	84,653	67,327
Communications	12,485	1,452	610	14,547	13,345
Postage and shipping	1,917	187	2,572	4,676	2,862
Occupancy					
Utilities	27,376	1,521	1,521	30,418	32,824
Repairs and maintenance	27,915	2,114	1,580	31,609	46,072
Printing and publications	6,207	739	7,833	14,779	18,835
Travel	10,661	551	447	11,659	14,474
Depreciation and amortization	81,392	4,522	4,521	90,435	88,949
Consultants	-	12,039	-	12,039	11,988
Insurance	36,715	2,023	1,137	39,875	35,463
Advertising	-	-	64	64	-
Bank and finance charges	5,159	6,666	8	11,833	11,482
All other	14,741	1,297	34,620	50,658	31,192
	1,200,945	87,695	201,734	1,490,374	1,205,674
Less expenses included with revenues on statement of activities	-	-	(33,802)	(33,802)	(17,366)
	<u>\$ 1,200,945</u>	<u>\$ 87,695</u>	<u>\$ 167,932</u>	<u>\$ 1,456,572</u>	<u>\$ 1,188,308</u>

**PEACE NEIGHBORHOOD CENTER**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
*For the year ended December 31, 2022*

	Program Services	Supporting Services		2022 Total
		Management and General	Fund- Raising	
<b>Specific assistance to individuals</b>	\$ 44,351	\$ -	\$ -	\$ 44,351
<b>Employee Compensation</b>				
Salaries and wages	541,136	22,255	87,834	651,225
Retirement plan contribution	8,588	579	482	9,649
Other employee benefits	55,096	1,758	1,759	58,613
Payroll taxes	44,244	1,820	7,181	53,245
	<u>649,064</u>	<u>26,412</u>	<u>97,256</u>	<u>772,732</u>
<b>Other Expenses</b>				
Accounting fees	-	13,778	-	13,778
Supplies	56,691	8,566	2,070	67,327
Communications	11,401	1,327	617	13,345
Postage and shipping	1,174	114	1,574	2,862
Occupancy				
Utilities	29,542	1,641	1,641	32,824
Repairs and maintenance	40,267	3,501	2,304	46,072
Printing and publications	7,911	942	9,982	18,835
Travel	13,330	602	542	14,474
Depreciation and amortization	80,055	4,447	4,447	88,949
Consultants	-	11,988	-	11,988
Insurance	32,663	1,783	1,017	35,463
Advertising	-	-	-	-
Bank and finance charges	5,904	5,578	-	11,482
All other	11,948	1,133	18,111	31,192
	<u>984,301</u>	<u>81,812</u>	<u>139,561</u>	<u>1,205,674</u>
Less expenses included with revenues on statement of activities	-	-	(17,366)	(17,366)
	<u>\$ 984,301</u>	<u>\$ 81,812</u>	<u>\$ 122,195</u>	<u>\$ 1,188,308</u>



**PEACE NEIGHBORHOOD CENTER**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*For the years ended December 31,*

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 677,225	\$ 274,080
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:		
Depreciation and amortization	90,435	88,949
Donated land and building	(279,900)	-
Loss on disposal of fixed assets	-	-
Change in:		
Prepaid expenses	199	(137)
Grants receivable	2,654	(35,890)
Promises to give	43,120	117,357
Beneficial interest in the assets of the Ann Arbor Area Community Foundation	(152,349)	(181,086)
Accounts payable	2,682	(6,331)
Accrued liabilities	19,929	13,027
Net cash from (used for) operating activities	403,995	269,969
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(159,779)	(95,304)
Net cash used for investing activities	(159,779)	(95,304)
<b>NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	244,216	174,665
<b>BEGINNING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	2,086,129	1,911,464
<b>ENDING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	<b>\$ 2,330,345</b>	<b>\$ 2,086,129</b>
As presented on consolidated statements of financial position:		
Cash and cash equivalents	\$ 1,150,271	\$ 1,055,837
Cash designated for longer-term purposes	1,175,018	1,025,288
Cash restricted for capital improvements	5,056	5,004
	<b>\$ 2,330,345</b>	<b>\$ 2,086,129</b>

**NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Organization***

Peace Neighborhood Center (the “Center”) is a nonprofit organization established to help youth, adults, and families address social and economic obstacles that stem from poverty, racial inequities, and trauma; and help them build futures that include self-sufficiency and positive community involvement. Peace Neighborhood Center is primarily funded through public and private contributions and grants.

Peace Neighborhood Center – Maple Road Corridor was established to operate solely to support and benefit the mission and vision of Peace Neighborhood Center in the Maple Road Corridor in Ann Arbor. Peace Neighborhood Center – Maple Road Corridor is a wholly-owned nonprofit subsidiary of Peace Neighborhood Center. Peace Neighborhood Center is the sole member of Peace Neighborhood Center – Maple Road Corridor.

***Principles of Consolidation***

The accompanying consolidated financial statements include the accounts of Peace Neighborhood Center and its controlled organization, Peace Neighborhood Center – Maple Road Corridor, for the years ended December 31, 2023 and 2022. All significant intercompany transactions have been eliminated.

***Basis of Accounting***

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Accordingly, revenues are recognized when earned and expenses are recognized as they are incurred.

***Basis of Presentation***

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net assets with donor restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make accounting estimates and assumptions that affect the reported amounts of assets, liabilities, and other amounts and disclosures included herein.

***Cash Equivalents***

The Center considers all investments with an original maturity of three months or less to be cash equivalents.

***Receivables and Allowance for Doubtful Accounts***

Promises to give are stated at the amount pledged by donors net of net present value discounts. The Center provides an allowance for doubtful pledges receivable, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent pledges receivable are written off based on the specific circumstances of the donor making the pledge.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Property and Equipment***

Property and equipment purchased is carried at cost. All donated equipment is carried at estimated fair market value at the date of the gift. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. It is the Center's policy to capitalize expenditures for property and equipment that have an original cost in excess of \$1,000. Repairs are not capitalized unless they both increase the value of the asset and extend the useful life.

***Donated Services***

No amounts have been reflected in the consolidated financial statements for donated services. The Center pays for most services requiring a specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Center with specific programs, fundraising, and administrative duties.

***Contributions***

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

***Contributions Restricted to Purchase of Property and Equipment***

Contributions that must be used to purchase property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

***Grants***

Grants are primarily from governmental sources and are considered conditional contributions. Revenue is recognized as conditions are met, either through incurring related costs or providing services.

***Income Taxes***

The Internal Revenue Service has ruled that the Center qualifies under Section 501(c)(3) of the Internal Revenue Code and is, therefore, not subject to income tax under present laws and is not considered a private foundation.

***Expense Allocation***

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses are summarized and categorized based upon their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and insurance, which are allocated on a square-footage basis, as well as salaries, wages, and employee benefits, which are allocated on the basis of estimates of time and effort.

***Reclassifications***

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation. The reclassifications had no impact on previously reported net assets.

***Subsequent Events***

Subsequent events have been evaluated through June 26, 2024, the date the consolidated financial statements were available to be issued.

**PEACE NEIGHBORHOOD CENTER**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE B - LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2023 and 2022, comprise the following:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 1,150,271	\$ 1,055,837
Grants receivable	127,617	130,271
Promises to give	74,350	117,470
Cash designated for longer-term purposes	1,175,018	1,025,288
Cash restricted for capital improvements	5,056	5,004
Total financial assets	<u>2,532,312</u>	<u>2,333,870</u>
Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets	(59,411)	(4,951)
Less financial assets not available within one year:		
Promises to give	(24,000)	(30,000)
Less cash designated or restricted to longer-term purposes	<u>(1,180,074)</u>	<u>(1,030,292)</u>
Amount available for general expenditures within one year	<u>\$ 1,268,827</u>	<u>\$ 1,268,627</u>

As part of its liquidity management plan, the Center has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. It invests cash in excess of daily requirements in savings and money market accounts.

**NOTE C - PROMISES TO GIVE**

All promises to give at year-end are collectible over the next five years. Promises to give consist of the following at:

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 55,350	\$ 92,470
Receivable in one to five years	24,000	30,000
Total promises to give	79,350	122,470
Less unamortized discount at 3%	-	-
Less allowance for uncollectible promises to give	<u>(5,000)</u>	<u>(5,000)</u>
	<u>\$ 74,350</u>	<u>\$ 117,470</u>

**PEACE NEIGHBORHOOD CENTER**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE D - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at:

	December 31,	
	2023	2022
Land	\$ 270,000	\$ 80,000
Buildings and improvements	2,235,298	2,235,298
Vehicles	156,852	156,852
Software	30,313	30,313
Furniture and equipment	179,650	179,650
Construction in progress - Hub Center	249,679	-
	3,121,792	2,682,113
Less accumulated depreciation and amortization	(1,411,854)	(1,321,419)
	\$ 1,709,938	\$ 1,360,694

**NOTE E - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods:

	December 31,	
	2023	2022
Subject to expenditure for specified purpose:		
Capital Improvement Fund	\$ 4,951	\$ 4,951
Hub Renovation	54,460	-
	59,411	4,951
Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	39,350	117,470
	\$ 98,761	\$ 122,421

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows during the years ended December 31, 2023 and 2022:

	2023	2022
Expiration of time restrictions	\$ 91,470	\$ 121,920
Satisfaction of purpose restrictions		
Youth services	24,690	2,600
Advocacy and adult community programs	300	-
Hub Renovation	-	-
Fundraising activities	2,450	600
Wellness program	20,000	53,532
Transformation Road Trips	-	8,719
General operating	3,553	32,693
	\$ 142,463	\$ 220,064

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**PEACE NEIGHBORHOOD CENTER**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE F - CONTRIBUTED NONFINANCIAL ASSETS (IN-KIND CONTRIBUTIONS)**

For the years ended December 31, 2023 and 2022, contributed nonfinancial assets recognized within the statement of activities included:

	2023	2022
Building and property located in Ypsilanti, Michigan	\$ 279,900	\$ -

The Center recognized contributed nonfinancial assets within revenue, including the contributed building and property. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

***Contributed Building and Property***

The contributed building and property is intended to be used for the Center’s new HUB Community Resource Center that the Center is currently developing. In valuing the contributed building and property, the Center estimated the fair value based on a property appraisal and evaluation prepared by an outside third party.

**NOTE G - CONDITIONAL CONTRIBUTIONS**

The Center has received grants from governmental sources that are considered conditional contributions, as reimbursement contracts. The Center receives grant funds once conditions are met as outlined in the Center's grant reports. Some grants from governmental sources have grant terms that fall within two fiscal years. The amounts of conditional contributions whose conditions have not been met as of December 31, 2023 and 2022 are \$230,750 and \$258,104, respectively. These amounts will be recognized once the conditions are met either through incurring related costs or providing services.

**NOTE H - BOARD DESIGNATED NET ASSETS FOR OTHER LONG-TERM PURPOSES**

Board designated net assets are designated for longer-term purposes including funding an endowment.

**NOTE I - RETIREMENT PLAN**

The Center has a defined contribution plan covering all employees working at least 20 hours per week, with at least one year of service who agree to make contributions to the plan. The plan conforms to the provisions set by Internal Revenue Code Section 403(b), Defined Contribution Retirement Plan. The Center makes an annual contribution to the plan based upon Board designation and the amount is fully vested when the contribution is made. Retirement plan expense for the years ended December 31, 2023 and 2022 was \$11,441 and \$9,650, respectively.

**NOTE J - COMMUNITY FOUNDATION**

Certain funds donated by outside donors for the benefit of the Center are held and managed by the Ann Arbor Area Community Foundation (the “Community Foundation”). The fair market value of these funds was approximately \$1,100,716 and \$934,342 at December 31, 2023 and 2022, respectively. These funds are not reflected in the financial statements. Earnings are available for distribution to the Center at the discretion of the Community Foundation, and therefore, are not reflected as revenue in the financial statements until received by the Center. Distributions of \$0 and \$0 were received in 2023 and 2022, respectively.

**PEACE NEIGHBORHOOD CENTER**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE K - ENDOWMENT**

The Center's endowment consists of a fund established for a variety of purposes. Its endowment includes funds designated by the Board of Directors to function as an endowment. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The endowment consists entirely of board-designated funds.

***Endowment Composition by Type of Fund***

The following schedule summarizes endowment net asset composition by type as of December 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 333,435	\$ -	\$ 333,435
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	-	-
Accumulated investment gains	-	-	-
<b>Total funds</b>	<b>\$ 333,435</b>	<b>\$ -</b>	<b>\$ 333,435</b>

The following schedule summarizes endowment net asset composition by type as of December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 181,086	\$ -	\$ 181,086
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	-	-
Accumulated investment gains	-	-	-
<b>Total funds</b>	<b>\$ 181,086</b>	<b>\$ -</b>	<b>\$ 181,086</b>

***Change in Endowment Net Assets***

The changes in endowment net assets for the year ended December 31, 2023 are presented in the following schedule:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year	\$ 181,086	\$ -	\$ 181,086
Net investment return	36,589	-	36,589
Contributions	115,760	-	115,760
Amounts appropriated for expenditure	-	-	-
Other changes	-	-	-
<b>Net assets, end of year</b>	<b>\$ 333,435</b>	<b>\$ -</b>	<b>\$ 333,435</b>

The changes in endowment net assets for the year ended December 31, 2022 are presented in the following schedule:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year	\$ -	\$ -	\$ -
Net investment return	(18,929)	-	(18,929)
Contributions	200,015	-	200,015
Amounts appropriated for expenditure	-	-	-
Other changes	-	-	-
<b>Net assets, end of year</b>	<b>\$ 181,086</b>	<b>\$ -</b>	<b>\$ 181,086</b>

**NOTE K - ENDOWMENT (CONTINUED)**

***Return Objectives and Risk Parameters***

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets are composed entirely of board-designated funds.

***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate-of-return objectives, the Center has placed its endowment funds with the Ann Arbor Area Community Foundation (the "Community Foundation"). The funds are invested in accordance with the Community Foundation's investment policy.

***Spending Policy and How the Investment Objectives Relate to Spending Policy***

The endowment funds are subject to the investment and distribution policies of the Community Foundation. The Center determines annually whether it will accept the distribution designated by the Community Foundation from the fund or ask that it be reinvested for growth.

**NOTE L - CONCENTRATIONS**

***Concentrations of Credit Risk in Financial Instruments***

Financial instruments, which potentially subject the Center to significant concentrations of credit risk, include cash, receivables, and promises to give. Cash is maintained at Bank of Ann Arbor, a local bank, and in one money market mutual fund managed by Fidelity Investments. The Center manages deposit concentration, with guidance from an independent Finance Committee of financial professionals and advisors, by placing cash with financial institutions they believe to be creditworthy. Cash on deposit with financial institutions exceeded the FDIC insured limit of \$250,000 by approximately \$895,769 at December 31, 2023, and the money market mutual fund balance of approximately \$1,176,558 is not covered by federal insurance. Receivables and promises to give are due from several grantors and contributors. Promises to give are presented net of management's estimate of uncollectible accounts.

**NOTE M - SUBSEQUENT EVENTS**

In 2023, the Center received an in-kind contribution of a building in Ypsilanti, Michigan to use as the Hub center. Subsequent to December 31, 2023, the Center received a \$700,000 grant from the State of Michigan to use towards the renovation of the Hub center. In 2024, the Center also received a \$2 million unrestricted contribution. The Center plans to use \$1 million of these funds along with other contributions to complete the budgeted \$2.3 million renovation of the Hub center.